

BILL # HB 2440

TITLE: vehicle license tax exemptions; veterans

SPONSOR: Hanson

STATUS: As Introduced

REQUESTED BY: House

PREPARED BY: Bob Hull

FISCAL ANALYSIS

Description

The bill would extend the vehicle license tax (VLT) and registration fee exemption to a surviving spouse of the disabled veteran until the surviving spouse's remarriage or death. Veterans are currently exempt from paying the initial and annual VLT and registration fee under certain conditions. The vehicle must have been acquired with Veterans' Administration financial aid or the veteran is certified to be 100% disabled.

Estimated Impact

The bill is likely to decrease State Highway Fund annual revenue by no more than \$(20,000) in the initial years of implementation. This assumes that the number of un-remarried and living spouses with registered vehicles is no more than approximately 10% of the number of qualified disabled veterans.

The Arizona Department of Transportation (ADOT) does not have a revenue cost estimate for this proposal. ADOT, however, estimates expenditures of \$15,300 from the State Highway Fund for computer programming.

Analysis

ADOT reports that 3,944 veterans are exempt from paying the initial and annual renewal VLT and registration fee for a personally owned vehicle and that the number of exempt veterans has not changed significantly for the past several years. ADOT could not estimate how many of these veterans might in the future have surviving spouses, who under the bill would also be exempt from paying the VLT or registration fee for a personally owned vehicle.

ADOT reports that the average VLT was \$158 for FY 2003 and the registration fee is \$8. If for example all 3,944 exempt veterans were to have surviving spouses, then the total annual VLT and registration fee revenue would decrease by up to \$(654,700) beginning in FY 2005. The State Highway Fund would have a decrease in revenue of up to \$(159,900), including decreases of up to \$(136,400) for statewide highway construction and up to \$(23,500) for controlled access freeways in Maricopa and Pima counties. The actual amount in any 1 year, however, will likely be significantly less. For purposes of the fiscal note, we have assumed that no more than 10% of veterans would be deceased and would pass along their exemption to a surviving spouse, at least in the early years of implementation.

The bill would have a general effective date.

Local Government Impact

Local governments would have an annual decrease of up to \$(50,000) in their VLT and HURF distributions beginning in FY 2005, including decreases of up to \$(25,000) to cities and up to \$(25,000) to counties. In addition, State Highway Fund monies for urban controlled access freeways would decrease by up to \$(2,500) as described above. Monies for urban controlled access freeways are divided 75% for Maricopa County and 25% for Pima County. Pima County may also use some of their monies for arterial streets and highways. This assumes that the number of un-remarried and living spouses with registered vehicles is no more than 10% of the number of qualified disabled veterans.

If all 3,944 exempt veterans were to have surviving spouses at one time, then local governments would have an annual decrease of up to \$(494,800) in their VLT and HURF distributions beginning in FY 2005, including decreases of up to \$(246,900) to cities and up to \$(247,900) to counties. The actual amount in any 1 year, however, will likely be significantly less.